

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P.O. Box 45808  
Salt Lake City, Utah 84145-0808  
Telephone: 801 530-6600  
Facsimile: 801 530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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IN THE MATTER OF

**JORDAN N. TENNEY; and  
COMMUNICOM DIRECT, INC.,**

Respondents.

**STIPULATION AND CONSENT  
ORDER AS TO JORDAN N.  
TENNEY**

**Docket No. 05-0074  
Docket No. 05-0075**

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The Utah Division of Securities, (Division), by and through its Director of Enforcement Michael Hines, and Jordan N. Tenney (Tenney Jr.) hereby stipulate and agree as follows:

1. Tenney Jr. was the subject of an investigation conducted by the Division into allegations that he had violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, et seq., as amended.
2. On December 7, 2005, the Division petitioned for an emergency cease and desist order and an order to show cause against Tenney Jr. and CommuniCom Direct, Inc. (CommuniCom).

3. Neither Tenney Jr. nor CommuniCom filed a response to the order to show cause and emergency cease and desist order, but the Division and Tenney Jr. have agreed to settle this matter by way of this Stipulation and Consent Order (Order). CommuniCom is not a party to this Order.
4. Tenney Jr. admits the jurisdiction of the Division over him and over the subject matter of this action.
5. Tenney Jr. is represented by attorney Loren Weiss of the law firm Van Cott, Bagley, Cornwall & McCarthy and is satisfied with the legal representation he has received.
6. Tenney Jr. has read this Order, understands its contents, and enters into this Order voluntarily. No promises or threats have been made by the Division or by any representative of the Division, other than as contained herein, to induce Tenney Jr. to enter into this Order.
7. By entering into this Order, Tenney Jr. waives any right to a hearing to challenge the Division's evidence asserted against him or to present evidence on his behalf.
8. Tenney Jr. also understands that, by entering into this Order, he gives up the right to seek agency review or an appeal of this matter, administrative or judicial.
9. Tenney Jr. acknowledges that this Order, upon approval by the Division Director, will be the final compromise and settlement of this matter. Tenney Jr. further acknowledges that if the Division Director does not accept the terms of the Order, it will be deemed null and

void and without any force or effect whatsoever.

### **I. FINDINGS OF FACT**

10. Jordan N. Tenney (Tenney Jr.) is a resident of Salt Lake County, Utah. He is the controller and corporate treasurer for CommuniCom Direct, Inc.
11. CommuniCom Direct, Inc. (CommuniCom) is Utah corporation and registered as a Utah corporation in May 2002. CommuniCom's corporate status expired in May 2005. CommuniCom is located at 9710 South 700 East, Suite 111, in Sandy, Utah.
12. John B. Tenney (Tenney Sr.), Jordan N. Tenney's father, is the president, director, and registered agent of CommuniCom. CommuniCom is a contractor for Comcast, and installs Comcast Internet, cable, and telephone services in Massachusetts.
13. In April 2005, Tenney Sr. approached S. D. (Investor) to solicit Investor's investment in factoring agreements issued by CommuniCom.
14. Tenney Sr. told Investor that CommuniCom performed contract work for Comcast, Inc., then billed Comcast for the work. Investor was told that CommuniCom would sell the invoice (the account receivable) to investors at a discounted price in order to receive immediate funds. When CommuniCom received payment on the invoice from Comcast, CommuniCom would pay the amount of the invoice to the investor.
15. Tenney Sr. told Investor that CommuniCom's operations in Massachusetts were managed by his partner, Mike Espinoza (Espinoza). Operations in Utah were managed by Tenney

Sr., with the help of his son Tenney Jr.

16. Tenney Sr. told Investor that he could profit by buying the receivables at a discount and receiving a higher recovery when the invoice was paid. Tenney Sr. said that, if an investor had purchased the receivables at a discount, CommuniCom would pay all the proceeds received from Comcast on the receivable directly to the investor.
17. Tenney Sr. told Investor that CommuniCom was a very successful company and was growing rapidly.
18. Tenney Sr. arranged for Investor to meet with David B. and George W., both of whom claimed to be factoring CommuniCom's invoices. David B. and George W. told Investor they received all their payments when expected and that they had experienced no problems with CommuniCom.
19. Investor decided to purchase factoring agreements from CommuniCom. Between April 23, 2005 and October 22, 2005, Investor purchased 52 factoring agreements from CommuniCom, paying a total of \$295,800. Thirty-two of these factoring agreements were purchased by Investor based on solicitations by Tenney Sr.
20. Beginning in early June 2005, Investor no longer received calls from Tenney Sr. Instead, Tenney Jr. began soliciting purchasers of factoring agreements. Twenty of the factoring agreements were purchased after June 6, 2005 from Tenney Jr.
21. Forty-nine of the 52 factoring agreements purchased by Investor were signed by Tenney

Jr. as “Controller/Treasurer” for CommuniCom. The other three factoring agreements had a line for the signature of Tenney Jr., but were unsigned.

22. Each of the factoring agreements provided that Investor would be granted a security interest in “all of CommuniCom’s Comcast accounts receivable; otherwise all of CommuniCom’s Comcast accounts receivable are free of any security interest or encumbrance.” Each factoring agreement contained a section entitled “Guaranteed repurchase in default” which provided: “Upon any default in the payment of any accounts receivable here assigned to [Investor], CommuniCom shall . . . purchase at face value any such account in default.”
23. In July 2005, payments to Investor on the factoring agreements ceased.
24. When Investor questioned Tenney Jr. as to why payments had stopped, Tenney Jr. told Investor that CommuniCom was experiencing some problems, but the problems had been worked out and he would get his money in the next week or so. Investor received a few partial payments over the next three months.
25. In late October 2005, Investor went to the offices of CommuniCom along with his accountant and Espinoza, seeking to review the financial records of CommuniCom. The financial records made available by Tenney Jr. showed that some of CommuniCom’s money was used to pay personal expenditures of Tenney Sr., including the expenses of hiring an expert witness to defend against criminal charges filed against Tenney Sr.

26. On March 16, 2005, Tenney Sr. was convicted of securities fraud, selling unregistered securities, selling securities without being licensed, and engaging in a pattern of unlawful activity. This conviction was for offering and selling securities in the form of factoring agreements for a company named Echo-Tek Communications.
27. At the time Tenney Sr. was soliciting money from Investor for CommuniCom, he was awaiting sentencing on his conviction for securities violations. Tenney Sr. has been incarcerated at the Utah State Prison since his June 6, 2005 sentencing.
28. In 1993, Tenney Sr. also had been convicted of securities fraud, sale of an unregistered security, and sale by an unlicensed agent, relating to the sale of stock in his company, Cellwest, Inc.
29. In 2002, Espinoza also was charged with securities fraud for selling factoring agreements in Echo-Tek. He entered guilty pleas on November 1, 2005 and is scheduled to be sentenced in February 2006.
30. Tenney Jr. has been named as a defendant in three civil suits, each resulting in judgments against Tenney Jr.
31. Respondents failed to file or perfect any security interests in the accounts receivable reflecting Investor's factoring agreements. This means Investor had no protected security interest in the receivables of CommuniCom.

## **II. CONCLUSIONS OF LAW**

### **REGISTRATION VIOLATIONS**

32. The CommuniCom factoring agreements offered by Respondents are securities under Utah Code Ann. § 61-1-13(1)(x)(i)(K) (investment contract).
33. The factoring agreements were offered and sold in this State.
34. The factoring agreements offered and sold by Respondents are not registered under the Act and Respondents have not filed any claim of exemption relating to the agreements.
35. Respondents offered and sold unregistered securities in Utah in willful violation of Utah Code Ann. § 61-1-7.

## **III. STIPULATION AND CONSENT**

36. Tenney Jr. neither admits nor denies the substance of the Division's Findings of Fact or Conclusions of Law, as set forth herein, but consents to the Division entering an Order:
  - a. Requiring Tenney Jr. to cease and desist from engaging in any conduct in violation of the Utah Uniform Securities Act;
  - b. Requiring Tenney Jr. to pay a \$500 fine. The Division will waive \$400 of the fine if Tenney Jr. pays \$100 by August 15, 2006.
37. This Order constitutes the entire agreement between the parties herein and a final resolution of the Division's claims against Tenney Jr. to date.
38. This Order supersedes and cancels any and all prior negotiations, representations,

understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Stipulation in any way.

39. Tenney Jr. acknowledges that the Order does not affect any civil or arbitration causes of action that third parties potentially might have against him arising in whole or in part from his actions, and that the Order does not affect any criminal cause action that a prosecutor might bring.

40. Willful violation of the Order constitutes a third degree felony pursuant to Utah Code Ann. § 61-1-21(1) of the Act. Any prosecution for willful violation of the Order accompanying this Stipulation shall be subject to all rules, regulations and burdens as any other criminal prosecution in the State of Utah.

**DATED** this 4<sup>th</sup> day of August, 2006.

Utah Division of Securities  
Date: Aug 3, 2006  
By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent  
Date: [Signature]  
By: 8-2-06  
Jordan N. Tenney

Approved:  
[Signature]  
Jeff Buckner  
Assistant Attorney General

Approved:  
[Signature]  
Loren Weiss  
Counsel for Jordan N. Tenney

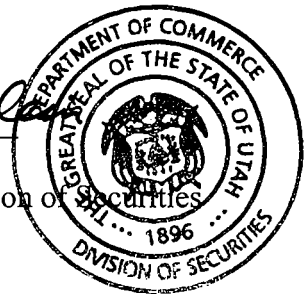


Pursuant to the terms of the Stipulation defined above, the Director of the Utah Division of Securities hereby orders that:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement;
2. Jordan N. Tenney cease and desist from engaging in any conduct in violation of the Utah Securities Act; and
3. Jordan N. Tenney pay a \$500 fine. The Division will waive \$400 of the fine if he pays by August 15, 2006.

DATED this 4<sup>th</sup> day of August 2006.

  
WAYNE KLEIN  
Director, Utah Division of Securities



**Certificate of Mailing**

I certify that on the 4th day of August 2006, I mailed a true and correct copy of the

Stipulation and Consent Order to:

Loren Weiss  
Van Cott, Bagley, Cornwall & McCarthy  
50 South Main Street #1700  
Salt Lake City, UT 84144

Certified Mail # 7006 0100 0001 7688 8855

Pamala Radzinski  
Executive Secretary